- Los Angeles to appeal Preferred decision to U.S. Supreme Court
- Tribune puts its systems on open market; Dittrick still bargaining
- Viacom, Warner Communications alter W-A bidding picture
- NCTA preparing RFP for co-op scrambling contract

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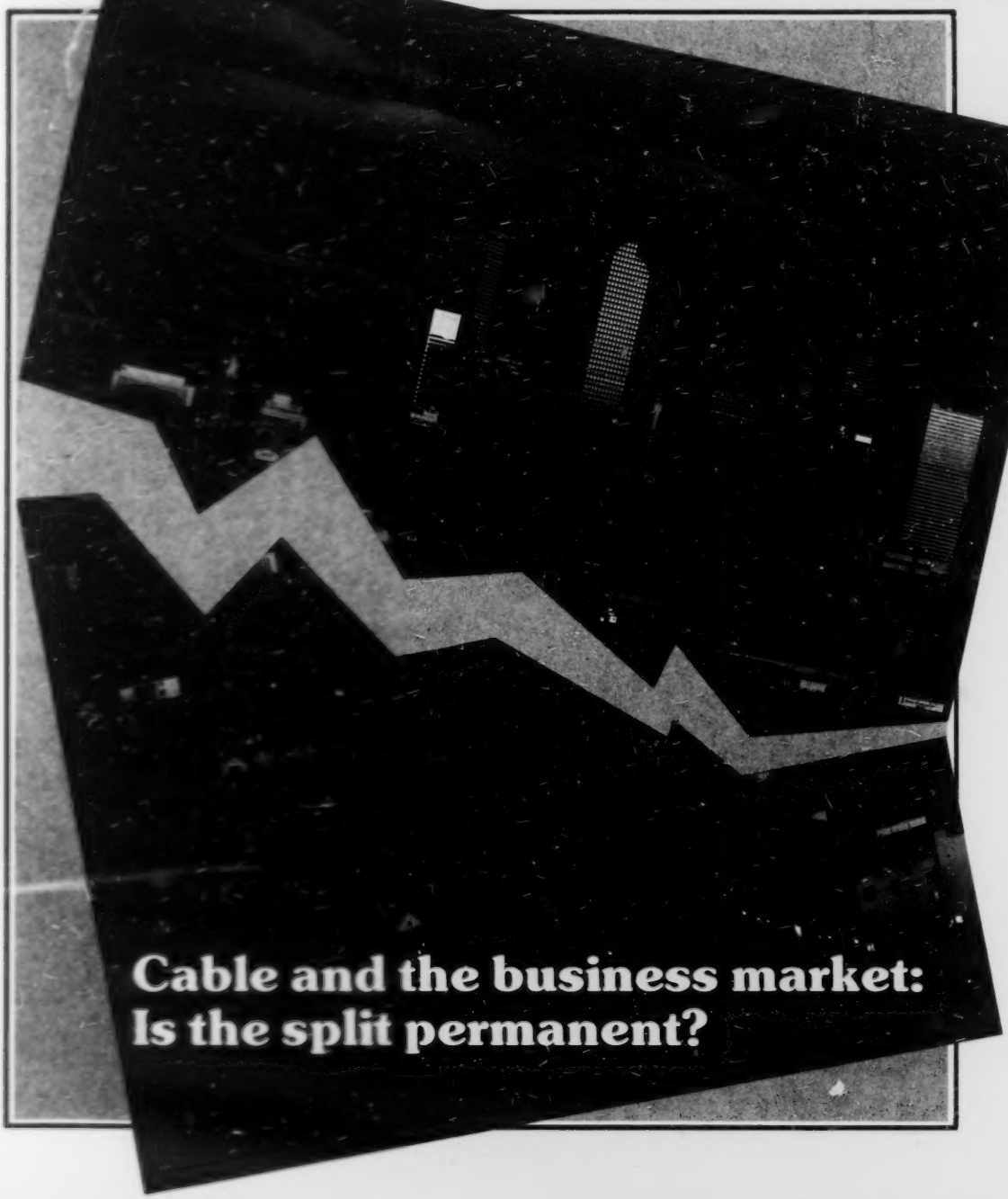
Pay-per-view: the pace intensifies

CableVision™

The news and [illegible] cable television industry

August 19, 1985



Cable and the business market: Is the split permanent?

Leading the Week

Appeal to high court

The city of Los Angeles will appeal the landmark Preferred Communications case to the U.S. Supreme Court. The ruling was handed down by the U.S. 9th Circuit Court of Appeals March 1 11

NCTA scrambling plans

The NCTA will solicit bids from manufacturers to provide scrambling technology and equipment "in a matter of days" and also is planning to establish a scrambling co-op and an engineering committee to evaluate different scrambling systems.....11

Tribune Cable for sale

The Tribune Co. has decided to put its 205,000-subscriber cable unit on the selling block to concentrate on broadcast television and help raise financing for its acquisition of KTLA in Los Angeles ..12

Deadline nears

For Warner Communications, one option for managing its cable programming and operating properties is about to be closed. By Thursday, Forstmann Little's offer to lead a leveraged buyout of MTV Networks runs out.....14

MDS turnaround

The U.S. 9th Circuit Court of Appeals made a 180-degree turn from a California Supreme Court decision and declared the pirating of unscrambled MDS signals illegal under federal law.....15

MGM/UA buyout

Drexel Burnham is "highly confident" it could arrange financing for Turner's $1.5 billion buyout of MGM/UA, a signal to Wall Street that Drexel Burnham has examined its clients and knows it will have little difficulty raising capital for the proposed deal 16

New York veto

New York Gov. Mario Cuomo vetoed legislation aimed at thwarting non-cash, hostile takeovers because the bill was "of dubious constitutionality" and "inordinately protectionist."....16

Choice, AT&T pact

Choice Channel has reached an agreement with AT&T to provide 800-service lines and other equipment, including two uplinks and downlinks with access to Telstar 303, in connection with implementing an automated national pay-per-view order entry system.....17

Telstar pay-per-view

Telstar Corp. and Pierce Ventures Ltd. are planning to combine equipment and funds to develop CATV-transmitted pay-per-view services over the coming months 17

CCI campaign send off

The final phase of the Council For Cable Information's $750,000 consumer advertising campaign kicks off for a three-month run with one major difference from its $6-million promotional blitz last spring. 18

Emmy nominations

Three pay cable-originated specials that appeared on public television this year have received primetime Emmy nominations. The shows include *Sweeney Todd*, *Lena Horne: The Lady and Her Music*, and *Cat On A Hot Tin Roof* 19

C-SPAN study

C-SPAN is now available to one-fourth of all U.S. television households and its 21.5 million subscribers translate into 58 percent o all U.S. cable homes, according to a C-SPAN study 19

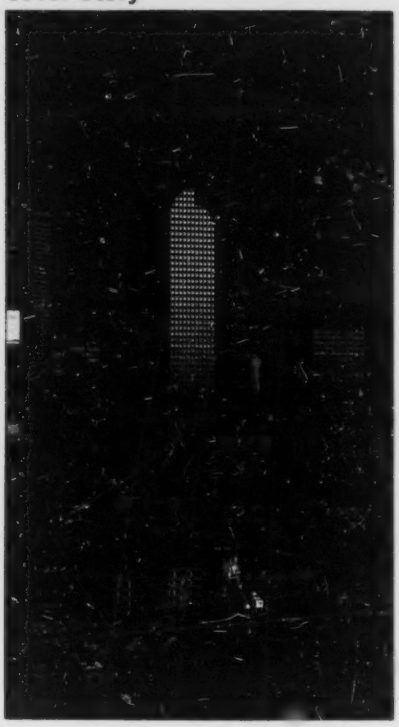
Fairness doctrine

The Federal Communications Commission concluded that as a matter of policy, the fairness doctrine is constitutionally suspect and "no longer serves the public interest." However, the FCC would continue to enforce the doctrine and leave it up to Congress to deal with the policy 20

Honeymoon not over

The biggest marketing campaign in Showtime's history, is leading the way for the Labor Day debut of "The Honeymooner—The Lost Episodes." The shows were called "lost" because they have not been aired since the 1950s, when they were performed live on the Jackie Gleason Show 21

Cover Story



While making substantial inroads in home delivery, the cable industry has been somewhat guilty of dragging its feet in the field of business data communications. Already dominant in the market are a legion of fierce competitors—the telephone companies. One expert warns, "the window . . . may be completely closed before cable gets a foothold." Editor Victoria Gits reports on page 24.

Review 23

The old Disney classics—the animated films—are making a comeback on The Disney Channel, much to the pleasure of reviewer Robert DiMatteo, who says that recent Disney films seem to have lost their "magic."

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Cable penetration of TV households hits 45.7 percent

NEW YORK—The cable universe covers 45.7 percent of all television households in the nation, A.C. Nielsen estimates in its latest survey of industry penetration. A similar report issued earlier this month by Control Data's Arbitron Ratings subsidiary lists cable's audience base at 44.4 percent of U.S. television homes.

As of last month, 38,955,150 households subscribed to cable services, Nielsen reports. That's an increase of about 281,000 homes from the company's May 1985 penetration estimate of 38,673,270 subscribers (45.3 percent of U.S. TV households—*(CV, 6/17/85, p. 12)*. Nielsen calculates its numbers from counts acquired from operators, meter and diary reports.

Arbitron's new penetration forecast records cable's household count at 37,781,200, about 620,000 homes higher than its estimate of 37,175,300 subscribers (44 percent of TV homes) more than three months ago. The firm uses data contained in more than 420,000 diaries placed in households across the country to determine its tally.

Differences in research techniques and the geographic standard Arbitron and Nielsen use to determine viewership on a region-by-region basis are responsible for discrepancies between the penetration counts, officials from both companies maintain. Arbitron uses an Area of Dominant Influence system (ADI) as its measurement guideline, while Nielsen collects information through its Designated Market Area (DMA) indicator.

Laredo, Tex., under Arbitron's ADI methodology, holds the highest cable penetration in the U.S. at 86 percent (28,400 homes). San Angelo, another community in the state, is Nielsen's top cable-penetrated DMA at 87 percent (33,290 homes) but is ranked fourth in Arbitron's count at 82 percent penetration, tied with Palm Springs, Calif.

In the top three urban markets, New York is 38.3 percent wired with more than 2.5 million homes; Los Angeles has 25.8 percent cable penetration and nearly 1.6 million subscribers and Chicago has 25.8 percent penetration in its region, amassing about 775,500 homes, Neilsen estimates.

Minneapolis-St. Paul placed last in cable penetration as tallied by both surveys, achieving a 25.8 percent rate (294,150 homes) in Nielsen's report and 24 percent/282,500 homes in Arbitron's count. —*Simon Applebaum*

24-HOUR HOUSEHOLD VIEWING OCT. 1984-MARCH 1985

Medium	Audience Share		
	Total TV	All Cable	Pay Cable
Basic Cable Services (excluding superstations)	7	14	15
Superstations only	6	9	9
Pay Services	5	10	16
Broadcast Network Affiliates	68	58	53
Independents	15	12	13
Public Television Stations	4	3	3

24-HOUR HOUSEHOLD VIEWING OCT. 1983-MARCH 1984

Medium	Audience Share		
	Total TV	All Cable	Pay Cable
Basic Cable Services (excluding superstations)	6	12	13
Superstations only	5	8	7
Pay Services	5	10	16
Broadcast Network Affiliates	71	60	55
Independents	16	13	14
Public Television Stations	3	3	3

Source: A.C. Nielsen/Cabletelevision Advertising Bureau

Viewership of ad-supported cable surging, survey says

NEW YORK—Viewership of advertiser-supported cable services is surging ahead at the expense of both broadcast network affiliates and independent stations, Cabletelevision Advertising Bureau officers said last week after releasing figures from A.C. Nielsen's latest Cable Status Report.

The survey measures average 24-hour viewing of various electronic media over a six-month period and arranges the results by three sample universes—total television homes, total cable homes and pay homes. For the period ending last March, Nielsen estimates that ad-supported basic networks and superstations involved in the survey collectively tallied an average 23 share of audience in its total cable universe, against a 58 share for broadcast network affiliates and a 12 share for independents.

By contrast, Nielsen's status report covering the six-month period ending March, 1984 listed broadcast network affiliates with an average 60 share and independents with a 13 share among cable homes surveyed, compared with a 20 share for ad-supported services and superstations. Comparing the two studies, CAB concluded that within cable homes, basic cable viewership has increased by 15 percent, while broadcast network affiliates recorded a 3 percent viewership drop and independent viewership declined by 8 percent over the time frame.

The performance of independents is the report's most dramatic finding, said Jack Hill, research vice president of CAB. "Contrary to widespread belief, the independents are not gaining viewers as the result of broadcast network erosion," he said. "In fact, the independents are declining in audience share along with the broadcast networks."

Among pay cable homes surveyed, ad-supported services achieved a 24 audience share as opposed to a 53 share for broadcast network affiliates and a 13 share for independents. That compares with a 20 share for ad-supported services, 55 share for broadcast affiliates and 14 share for independents recorded within the pay cable universe during the October '83-March '84 period.

Franchising calendar

This chart examines the franchise status of communities since July 1985.

California

Chino—Proposals received from Marsh Media, BuenaVision, Cable TV West, Masada and D.C. Cable.
Claremont—Bids received from Masada Corp. and Daniels and Assoc.
East Yolo—award to Sonic Cable 7/85 (10,000 homes).
La Puente—award to United Cable 11/28/84 (8,600 homes).
Los Altos—award to United Cable 12/84 (9,000 homes).
Palo Alto—negotiating with Cable Communications Co-op of Palo Alto and City Cable Partners Inc. until April (23,000 homes).
Rosemead—award to Falcon Communications 2/26/85 (14,000 homes).
South Monrovia—award to Falcon Communications 9/18 (5,400 homes).

Delaware

Wilmington—preliminary award to Rollins Cable (140,000 homes).

District of Columbia

Washington, D.C.—award to District Cablevision 7/10/84 (254,000 homes).

Illinois

Chicago—Area I award to Communications and Cable (300,000 homes).
Countryside—award to Cablevision of Chicago 6/13/84 (2,200 homes).
Elmwood Park—award to Continental Cable 12/17/84 (9,500 homes).
Naperville—award to Rite Cable Co. of Illinois Limited. Rite Cable of Illinois also awarded unincorporated areas of DuPage County. (17,500 homes).
St. Charles, Geneva—award to Centel 7/2/84 (10,000 homes).
Wheaton—award to Centel 7/2/84 (16,000 homes).
Winnetka—survey showed interest in cable insufficient to warrant franchise.
Woodbridge—terminated franchising process (260 homes).

Kentucky

Fulton—award to TCI 12/13/84 (2,400 homes).
Loretto—terminated franchise process.

Maryland

Baltimore—award to United Cable 12/19/84 (302,000 homes).

Massachusetts

Belchertown—negotiating with Clearview Cablevision.
Belmont—accepting proposals. Public hearing scheduled 8/13/85 (2,760 homes).
Berkley, Dighton, Freetown—award to Continental Cablevision.
Boxborough—award to Nashoba 1/7/85 (3,100 homes).
Cambridge—award to American Cable Systems of Cambridge 3/22/85 (43,000 homes).
Danvers—award to Nashoba 1/85 (8,600 homes).
East Bridgewater—award to Continental Cable 12/3/84 (2,500 homes).
Groton—award to United Video 2/25.
Hamilton and Wenham—award to Continental Cable 3/5/84 (2,300 homes).
Holden—award to Massachusetts Cablevision Systems Inc. 7/84 (4,000 homes).
Holland—accepting proposals.
Holliston—award to Massachusetts Cablevision Systems Inc. 7/84 (3,922 homes).
Lincoln—short franchise process re-initiated.
Marblehead—award to Continental Cable 12/84.
Medfield—provisional license to Massachusetts Cablevision 2/85 (3,400 homes).
Mendon—award to Massachusetts Cablevision Systems 1/7 (1,200 homes).
Middleborough—award to Continental Cablevision 5/14/84 (3,834 homes).
Nahant—accepting proposals. (1,433 homes).
Rochester—accepting applications.
Sandwich—award to Campbell Communications (5,000 homes).
Seekonk—Award to Massachusetts Cablevision 6/85. (6,000 homes.
Shirley—provisional license granted to Nashoba Communications 10/84. Reviewing contract. (1,827 homes).
Southborough—provisional license to Greater Worcester Cablevision (2,000 homes).
Sterling—award to Wachusett Cablevision (2,000 homes).
Stow—provisional license to Adams-Russell 9/84. (1,600 homes).
Townsend—reviewing proposals from United Video Cablevision and Nashoba Communications. (2,306 homes).
Wayland—award to Continental Cablevision 6/4/84 (3,500 homes).
Westminster—preliminary award to Adams-Russell; Adams-Russell requested revision of rate structure.
Weston—award to Continental Cable Cooperative 8/6/84 (3,000 homes).
Westport—award to United Cablevision Funding 9/4/84 (5,500 homes).

Michigan

Almont—award to Michigan Cable 11/84.
Atlas—award to Michigan Cable 8/84.
Brandon—award to Michigan Cable 11/84.
Brown City—award to Pioneer Cablevision.
Cedar Creek—award to Horizon Cable 7/84.
Dalton—award to Horizon Cable 7/84.
Goodrich—award to Michigan Cable 9/84.
Lake Orion, Orion Twp—award to Tribune-United 12/84 (7,800 homes).
North Branch—award to Michigan Cable 8/84.
Thortonville—award to Michigan Cable.
Waconia—award to Westel 12/18/84 (1,024 homes).
Windom—approved municipal ownership, launched 2/1/84 (1,875 homes).

Minnesota

Amboy—award to Mid Communications Inc. 7/84 (280 homes).
Barrett—award to Battlelake Cable 7/84 (165 homes).
Belle Plaine—award to Dow-Sat of Minnesota 11/84 (973 homes).
Big Lake, Buffalo, Cokato, Dassel, Delano, Elk River, Monticello, Rockford, Watertown, Maple Lake—award to Rite Cable, under construction. (10,200 homes).
Bird Island—award to North American Communications Corp. 10/84 (566 homes).
Cannon Falls—award to North American Cable Communications Corp. (1,060 homes).
Credit River—award to North American Communications Corp. 10/84 (880 homes).
Eden Valley and Watkins—award to WesTel Inc. 2/84 (640 homes).
Floodwood—award to Individual Satellite System Inc. 8/84 (325 homes).
Glenville—award to WesTel 6/84 (275 homes).
Good Thunder—award to Mid Communications Inc. 7/84 (225 homes).
Grand Meadow—award to Southern Cablevision Inc. 9/84 (360 homes).
Hill City—award to Individual Satellite Systems 11/84 (400 homes).
Hinckley—award to Savage Communications 7/84 (420 homes).
Hokah—award to Valley Video Systems Inc. 7/84 (270 homes).
Holdingford—award to WesTel Inc. 2/84 (245 homes).
Howard Lake—award to WesTel Inc. 8/84 (510 homes).
Kandiyohi—award to Kavanaugh Cable Co. 4/1/85 (200 homes).
Kerkhoven—award to Heritage Communications 7/84 (310 homes).
Lester Prairie, Winsted—award to Dowden Communications 7/84 (1,000 homes).
Lindstrom, Stacy—award to Dow-Sat of Minnesota (1,230 homes).
Mabel—award to Valley Video Systems Inc. 6/84 (325 homes).
Maple Plain—award to Dow-Sat of Minnesota (481 homes).
Mapleton—award to WesTel Inc. 8/84 (600 homes).
Mazeppa—award to Individual Satellite Systems 9/84 (280 homes).
Medford—award to WesTel Inc. 7/84 (300 homes).
Montrose—award transferred to Valley View 8/84 (300 homes).
Morristown—award to Cannon Valley Telecom Inc. 7/84 (250 homes).
Morton—award to Todd Communications Inc. 5/84 (225 homes).
Murdock—award to Kavanaugh Cable Co. 6/84 (140 homes).
New Prague—award to Valley View Cable Inc. 7/84 (1,130 homes).
Nisswa—award to Interlake Cablevision Inc. 5/84 (1,100 homes).
Northern Dakota City—preliminary award to Continental (25,000 homes).
Pennock—award to Kavanaugh Cable Co. 4/11/85 (175 homes).
Pierz—award to WesTel Inc. 8/84 (420 homes).
Renville—award to WesTel Inc. 7/84 (600 homes).
Rite—award to Benton Cooperative Telephone Co. 8/84 (165 homes).
St. Joseph—award to WesTel Inc. (1,100 homes).

St. Paul—city wins appeal in favor of Continental Cablevision (111,000 homes).
Sandstone—award to Savage Communications 9/84 (560 homes).
Savage—preliminary award to North American Cable Communications 4/85 (1,272 homes).
Sherburn—award to Rite Cable (10,200 homes).
Spring Grove—award to Valley Video Systems 8/84 (560 homes).
Spring Lake—award to North American Communications Corp. 10/84 (920 homes).
TriCity Cable Commission (Cold Springs, Richmond, Rockville)—award to WesTel Inc. 8/84 (1,200 homes).
Truman—award to Terril Telephone Co. 5/84 (550 homes).
Waconia—award to Westel 12/18/84 (1,024 homes).
Waterville, Elysian—award to WesTel Inc. 8/84 (750 homes).
Waubeen—award to Harold Investments Inc. 9/84 (150 homes).
Wendell—award to M & E Cable 4/84 (95 homes).
West St. Paul, South St. Paul, Mendota Heights, Mendota, Inner Grove Heights, Lilydale, Sinfish Lake—award to Continental Cablevision. (24,032 homes).
Windom—approved municipal ownership, launched 2/1/84 (1,875 homes).

Missouri

St. Louis—award to STL Cablevision Partners Inc. (75% of city) and St. Louis City Communications (25% of city) 4/11/84 (178,000 homes).

New Hampshire

Keene—renewed franchise with Group W including a rebuild and rate increase (19,360 homes).
Manchester—award to United Cable.
Newton—negotiating with Harron Communications (1,124 homes).
Sandown—reviewing proposal from Continental Cablevision (800 homes).

New Jersey

Jersey City—moving ahead on municipal ownership despite lawsuit by Controlled Cable originally granted franchise.
Patterson—reviewing proposals from Marsh Media, Greater Media, Patterson Communications Network, Patterson Cable Services and U.S. Cable and TCI (55,000 homes).

New York

Mt. Upton—terminated franchise process.
North Salem—award to Community Cable Services 12/84 (1,100 homes).
Portland—cable committee formed to begin franchise process. Tribune Cable, Harborview and U.S. Cable sent letters expressing interest (150 homes).

North Carolina

Davie County—award to Summit Cable.
Jackson—award to Cable East (400 homes).

Ohio

Avon—award to Space Cable of Ohio 4/84 (2,000 homes).
Cleveland—franchise awarded to Northcoast Cable 7/85.
Oberlin—preliminary award to Oberlin Cable Co-op 6/6/84 (2,600 homes).

Oregon

Dunthorpe—no response to RFP.
Sylvan—awaiting legal opinion needed for commission to vote on Sylvan Video Cable (1,200 homes).

Pennsylvania

Philadelphia—city is divided into four areas; Area I award to Greater Philadelphia Cablevision; Area II award to Wade Communications; Area III award to Rollins; Area IV award to Comcast 11/84 (each area: 155,000 homes).

Rhode Island

Naval Education and Training Center—accepting proposals until 8/20/85 (2,900 homes).
Newport (Area 7 includes Middletown, Portsmouth, Tiverton, Little Compton)—Bellevue Cablevision Inc. awarded franchise. (29,500 homes).

Virginia

Manassas—reviewing proposals from Cablevision of Manassas Ltd., Teleset Communications Inc., C4 Media of Manassas Ltd. and City of Manassas Cable (5,510 homes).

Washington

Battle Ground—rewriting franchise ordinance.
Seattle—city is divided into four parts; Group W, Viacom and Seattle Community Cablevision serve overlapping sections of three parts; part IV is beginning franchising process.

Wisconsin

Hayward—award to Cable TV of Hayward (1,000 homes).
New Glarus—award to Telephone and Data Systems 7/84 (675 homes).
Waterford—award to Total TV 9/84 (600 homes).

Source: International Thomson Communications Inc.

Franchising in the top 50 markets

Rank	Market	Status of core city
1	New York	Manhattan—2-OP; outer boroughs 8-FG
2	Los Angeles	City is divided into 14 areas (A-n): 11-OP, 3-UC
3	Chicago	City is divided into five areas. Area I-FG, Areas II, III-OP, Areas IV, V-FG
4	Philadelphia	City is divided into four areas: Areas I, II, III, IV-FG
5	San Francisco	OP (system to be upgraded)
6	Boston	OP
7	Detroit	FG
8	Washington, D.C.	FG
9	Cleveland	RP
10	Dallas/Ft. Worth	Two systems-OP
11	Houston	Two systems-OP
12	Pittsburgh	OP
13	Miami	OP
14	Seattle/Tacoma	City is divided into five parts (4-OP), (1-BP). Tacoma-OP
15	Minneapolis/St. Paul	OP/UC
16	Atlanta	OP
17	St. Louis	UC/FG
18	Tampa/St. Petersburg	OP/OP
19	Denver	OP
20	Baltimore	FG
21	Sacramento/Stockton	OP/OP
22	Indianapolis	Two systems-OP
23	Portland	Three systems-OP
24	Phoenix	Three systems-OP
25	Hartford/New Haven	Two systems-OP
26	Cincinnati	OP
27	San Diego	Two systems-OP
28	Kansas City	OP
29	Milwaukee	OP
30	Nashville	OP
31	Charlotte	OP
32	Buffalo	OP
33	Providence/New Bedford	OP/OP
34	Orlando/Daytona Beach	Two systems-OP
35	New Orleans	OP
36	Memphis	OP
37	Columbus	Four systems-OP
38	Greenville/Asheville/Spartansburg	Three systems-OP
39	Grand Rapids/Kalamazoo/Battle Creek	Three systems-OP
40	Birmingham	OP
41	Raleigh/Durham	Two systems-OP
42	Oklahoma City	Two systems-OP
43	Louisville	Two systems-OP
44	Salt Lake City	OP
45	San Antonio	OP
46	Charleston/Huntington	Two systems-OP
47	Norfolk/Newport News/New Hampton/Portsmouth	Four systems-OP
48	Harrisburg/York/Lebanon/Lancaster	Four systems-OP
49	Wilkes Barre/Scranton	Two systems-OP
50	Albany/Schenectady/Troy	Three systems-OP

Legend

OP — operational
UC — under construction
FG — franchise granted
FP — franchise pending
PS — proposal submitted
RP — request for proposals issued
RPP — request for proposals pending
MO — considering municipal ownership
BP — beginning process

Source: International Thomson Communications Inc.